



CAREPLUS GROUP BERHAD

(Company No. 896134-D)

(Incorporated in Malaysia)

Unaudited Quarterly Financial Report for the 1st Quarter Ended 31 March 2018

Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Period Quarter 31-Mar-2018 RM'000	Preceding Period Corresponding Quarter 31-Mar-2017 RM'000	Current Period To Date 31-Mar-2018 RM'000	Preceding Period Corresponding To Date 31-Mar-2017 RM'000
Revenue	78,848	87,041	78,848	87,041
Cost of sales	(75,275)	(76,819)	(75,275)	(76,819)
Gross profit	3,573	10,222	3,573	10,222
Other operating income	1,210	181	1,210	181
Administration expenses	(2,330)	(2,745)	(2,330)	(2,745)
Finance costs	(1,194)	(1,268)	(1,194)	(1,268)
Profit before taxation	1,259	6,390	1,259	6,390
Taxation	(336)	(194)	(336)	(194)
Profit after taxation	923	6,196	923	6,196
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the financial period	923	6,196	923	6,196
Profit after taxation:				
Owners of the Company	(225)	3,758	(225)	3,758
Non-controlling interest	1,148	2,438	1,148	2,438
	923	6,196	923	6,196



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Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income (Cont'd)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Period Quarter 31-Mar-2018 RM'000	Preceding Period Corresponding Quarter 31-Mar-2017 RM'000	Current Period To Date 31-Mar-2018 RM'000	Preceding Period Corresponding To Date 31-Mar-2017 RM'000
Total comprehensive income for the financial period attributable to:				
Owners of the Company	(225)	3,758	(225)	3,758
Non-controlling interest	1,148	2,438	1,148	2,438
	<u>923</u>	<u>6,196</u>	<u>923</u>	<u>6,196</u>
(Loss)/earnings per share attributable to owners of the Company:				
Basic (sen)	(0.04)	0.78	(0.04)	0.78

Notes :

N/A – Not applicable

The Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited consolidated financial statements of Careplus Group Berhad ("Company") for the financial year ended 31 December 2017 and the accompanying explanatory notes in this interim financial report.



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(Incorporated in Malaysia)

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Unaudited Condensed Consolidated Statements of Financial Position

	UNAUDITED As at 31-Mar-2018 RM'000	AUDITED As at 31-Dec-2017 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	155,222	157,702
Prepaid expenses	425	347
Goodwill on consolidation	205	205
	<u>155,852</u>	<u>158,254</u>
Current assets		
Inventories	40,430	37,475
Trade receivables	16,411	17,277
Other receivables, deposits and prepaid expenses	6,838	8,496
Amount owing by a related party	54,395	48,518
Current tax assets	859	903
Derivative assets	1,282	1,398
Fixed deposits with licensed banks	6,862	8,443
Cash and bank balances	3,869	5,809
	<u>130,946</u>	<u>128,319</u>
TOTAL ASSETS	<u><u>286,798</u></u>	<u><u>286,573</u></u>
EQUITY AND LIABILITIES		
Equity		
Share capital	85,100	85,100
Merger deficit	(11,521)	(11,521)
Retained profits	24,171	24,396
Total equity attributable to owners of the company	<u>97,750</u>	<u>97,975</u>
Non-controlling interest	<u>34,018</u>	<u>32,870</u>
Total Equity	<u><u>131,768</u></u>	<u><u>130,845</u></u>



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Unaudited Condensed Consolidated Statements of Financial Position (Cont'd)

	UNAUDITED As at 31-Mar-2018 RM'000	AUDITED As at 31-Dec-2017 RM'000
Non-current liability		
Long-term borrowings	26,910	33,930
Deferred tax liabilities	6	6
	<hr/>	<hr/>
	26,916	33,936
Current liabilities		
Trade payables	26,243	24,686
Other payables and accrued expenses	24,759	26,105
Short-term borrowings	76,701	69,850
Bank overdrafts	411	1,151
	<hr/>	<hr/>
	128,114	121,792
Total liabilities	<hr/>	<hr/>
	155,030	155,728
TOTAL EQUITY AND LIABILITIES	<hr/>	<hr/>
	286,798	286,573
Net assets per share attributable to owners of the Company (sen)	<hr/>	<hr/>
	19.30	20.02

Notes :

The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited consolidated financial statements of the Company for the financial year ended 31 December 2017 and the accompanying explanatory notes in this interim financial period.



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Unaudited Quarterly Financial Report for the 1st Quarter Ended 31 March 2018

Unaudited Condensed Consolidated Statements of Cash Flows

	Current Year To Date 31-Mar-2018 RM'000	Preceding Year Corresponding To Date 31-Mar-2017 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit before tax	1,259	6,390
Adjustments for :		
Depreciation of property, plant and equipment	5,346	5,201
Fair value loss/(gain) on derivatives	116	(685)
Loss on disposal of equipment	2	25
Interest expenses	1,194	1,268
Interest income	(40)	(71)
Unrealised (gain)/loss on foreign exchange	(1,221)	719
Operating profit before working capital changes	<u>6,656</u>	<u>12,847</u>
Increase in inventories	(2,955)	(8,505)
Decrease/(Increase) in trade and other receivables	3,617	(2,617)
(Decrease)/increase in trade and other payables	(165)	7,955
Increase in amount owing by a related party	(6,545)	(13,351)
Cash generated from/(used in) operations	<u>608</u>	<u>(3,671)</u>
Interest paid	(1,194)	(1,268)
Income tax paid	(292)	(180)
Net cash used in operating activities	<u>(878)</u>	<u>(5,119)</u>
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Interest received	40	71
Purchase of property, plant and equipment	(2,956)	(2,406)
Proceeds from disposal of equipment	88	3
Net cash used in investing activities	<u>(2,828)</u>	<u>(2,332)</u>
Balance carried forward	(3,706)	(7,451)



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Unaudited Condensed Consolidated Statements of Cash Flows (Cont'd)

	Current Year To Date 31-Mar-2018 RM'000	Preceding Year Corresponding To Date 31-Mar-2017 RM'000
Balance brought forward	(3,706)	(7,451)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Changes in pledged fixed deposits	(520)	(396)
Net drawdown of bills payable	3,021	4,438
Net repayment of hire purchase obligations	(2,285)	(2,234)
Repayment of term loans	(1,097)	(1,238)
Net cash (used in)/from financing activities	<u>(881)</u>	<u>570</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,587)	(6,881)
EFFECTS OF FOREIGN EXCHANGE TRANSLATION	1,287	133
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	<u>8,858</u>	<u>16,940</u>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	<u><u>5,558</u></u>	<u><u>10,192</u></u>
CASH AND CASH EQUIVALENTS COMPRISE		
Fixed deposits	6,862	10,532
Cash and bank balances	3,869	4,147
Bank overdrafts	(411)	(455)
Less: Fixed deposits pledged to licensed banks	(4,762)	(4,032)
	<u><u>5,558</u></u>	<u><u>10,192</u></u>

Notes :

The Unaudited Condensed Consolidated Statements of Cash Flow should be read in conjunction with the audited consolidated financial statements of the Company for the financial year ended 31 December 2017 and the accompanying explanatory notes in this interim financial report.



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Unaudited Quarterly Financial Report for the 1st Quarter Ended 31 March 2018

Unaudited Condensed Consolidated Statements of Changes in Equity

	← Non-distributable →		Distributable	Attributable	Non-	Total Equity
	Share	Merger	Retained	To Owners of	Controlling	
	Capital	Deficit	Profits	The Company	Interest	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1.1.2018	85,100	(11,521)	24,396	97,975	32,870	130,845
Profit after taxation / Total comprehensive income for the financial period	-	-	(225)	(225)	1,148	923
Balance at 31.3.2018	85,100	(11,521)	24,171	97,750	34,018	131,768



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Unaudited Condensed Consolidated Statements of Changes in Equity (Cont'd)

	← Non-distributable →			Distributable	Attributable	Non-	Total Equity
	Share Capital	Share Premium	Merger Deficit	Retained Profits	To Owners of The Company	Controlling Interest	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1.1.2017	48,326	29,811	(11,521)	26,314	92,930	28,889	121,819
Contributions by / distributions to owners of the Company :-							
Shares issued pursuant to Private Placement	7,045	-	-	-	7,045	-	7,045
Shares issued expenses pursuant to Private Placement	(82)	-	-	-	(82)	-	(82)
Dividend paid to non-controlling interest	-	-	-	-	-	(774)	(774)
Total transactions with the owners of the Company	6,963	-	-	-	6,963	(774)	6,189
Profit after taxation / Total comprehensive income for the financial year	-	-	-	(1,918)	(1,918)	4,755	2,837
Transfer in accordance with Section 618(2) of the Companies Act 2016	29,811	(29,811)	-	-	-	-	-
Balance at 31.12.2017	85,100	-	(11,521)	24,396	97,975	32,870	130,845

Notes :

The Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited consolidated financial statements of the Company for the financial year ended 31 December 2017 and the accompanying explanatory notes in this interim financial report.



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A. EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134: INTERIM FINANCIAL REPORTING

1. Basis of Preparation

This interim financial report is unaudited and has been prepared in accordance with MFRS 134: Interim Financial Reporting and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“Listing Requirements”).

The interim financial report should be read in conjunction with the audited consolidated financial statements of the Company for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to this interim financial report.

The significant accounting policies and presentation adopted by the Group for the interim financial statements are consistent with those of the Group’s consolidated audited financial statements for the financial year ended 31 December 2017. The Group has not adopted the following new MFRSs, amendments/improvements to MFRSs and new IC Interpretation (“IC Int”) that have been issued, but yet to be effective:

MFRS 16	Leases ¹
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
IC Interpretation 23	Uncertainty over Income Tax Payments ¹
Amendments to MFRSs	Annual Improvements to MFRSs 2015 - 2017 Cycle ¹

¹ Effective for annual periods beginning on or after 1 January 2019

² Effective date deferred to date to be determined and announced by MASB

The adoption of the abovementioned standards when they become effective, are not expected to have material impact on the financial statements of the Group in the period of initial application.



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2. Auditors' Report on Preceding Annual Financial Statements

The auditors' reports for the Company and its subsidiaries for the financial year ended 31 December 2017 were not subject to any qualification.

3. Seasonal or Cyclical Factors

The Group's business operations were not significantly affected by any major seasonal or cyclical factors.

4. Significant Unusual Items

There were no significant unusual items affecting assets, liabilities, equity, net income or cash flows for the current quarter under review.

5. Material Changes in Estimates

There was no material changes in estimates of amounts reported that have a material effect on the current quarter under review.

6. Details of Changes in Debts and Equity Securities

There was no issuance, cancellation, repurchase, resale or repayment of debt and/or equity securities during the current financial quarter under.

7. Dividend Paid

There was no dividend paid during the current quarter under review.

8. Segmental Reporting

The Group's business comprise mainly of manufacturing and sales of latex and nitrile gloves. The Group's manufacturing activities are operated solely in Malaysia. On this basis, no reportable operating segment is presented as all information required are disclosed in this report.

9. Valuation of Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation. The carrying amounts of property, plant and equipment are reviewed at each reporting period to determine whether there is any indication of impairment.

10. Changes in the Composition of the Group

There were no changes in the composition of the Group for the current quarter under review.



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11. Contingent Liabilities and Contingent Assets

The Group has no outstanding contingent liabilities and contingent assets as at 25 May 2018 which might materially and adversely affect the position or business of the Group.

12. Capital Commitments

Authorized capital expenditure not provided for in the interim financial report as at the end of the current quarter were as follows:

	As at 31-Mar-2018 (UNAUDITED) RM'000
<u>Authorised and contracted but not provided for:-</u>	
Construction of building	16,013
Construction of plant and machineries	8,512
	<hr/> 24,525 <hr/>

13. Events Subsequent to the End of the Interim Reporting Period

There were no other events subsequent to the current financial quarter ended 31 March 2018 up to the date of this interim financial report that have not been reflected in this interim financial report, which may substantially affect the results of the operations of the Group.



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14. Related Party Disclosures

(a) Identities of related parties

The Company has controlling related party relationships with:-

- (i) Its subsidiaries;
- (ii) Entities controlled by certain key management personnel, directors and/or substantial shareholders; and
- (iii) The directors who are the key management personnel.

(b) In addition to balances detailed elsewhere in the financial statements, the Group carried out the following transactions with its related parties during the period under review:

	3 Months Ended 31-Mar-2018 (UNAUDITED) RM'000
Sales to a related party	47,995
Transactions with a close member of the family of a director:	
Insurance and renewal of road tax services expenses	72
Rental paid	16
Transactions with directors:	
Rental paid	27

(c) Key management personnel

	3 Months Ended 31-Mar-2018 (UNAUDITED) RM'000
Short-term employee benefits	897



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B. ADDITIONAL INFORMATION REQUIRED PURSUANT TO THE LISTING REQUIREMENTS

1. Financial review for current quarter and financial year to date

	INDIVIDUAL/CUMULATIVE PERIOD			
	Current Year Quarter 31/3/2018 (UNAUDITED)	Preceding Year Corresponding Quarter 31/3/2017 (UNAUDITED)	Changes	
	RM'000	RM'000	RM'000	%
Revenue	78,848	87,041	(8,193)	(9.4)
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	6,070	12,178	(6,108)	(50.2)
Profit before interest and tax ("PBIT")	2,453	7,658	(5,205)	(68.0)
Profit before taxation ("PBT")	1,259	6,390	(5,131)	(80.3)
Profit after taxation ("PAT")	923	6,196	(5,273)	(85.1)
(Loss)/profit attributable to owners of the Company	(225)	3,758	(3,983)	(106.0)

Performance Review (current quarter vs preceding year's corresponding quarter)

The Group recorded a revenue of approximately RM78.8 million during the quarter ended 31 March 2018, a decrease of RM8.2 million or 9.4% against approximately RM87.0 million in the corresponding quarter last year. This decrease was mainly due to the decrease of sales volume by 5.0% as a result of pricing pressure and also weakening of USD against RM.

As a result of lower sales revenue, the Group's PBT and profit attributable to owners of the Company has decreased by 80.3% and 106.0% respectively which were contributed by higher depreciation cost, lower average selling price, higher natural gas and labour cost as well as other operating costs incurred, we were unable to pass on to our customers due to intense market competition.



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2. Financial review for current quarter compared with immediate preceding quarter

	Current Quarter 31/3/2018 (UNAUDITED)	Immediate Preceding Quarter 31/12/2017 (UNAUDITED)	Changes	
	RM'000	RM'000	RM'000	%
Revenue	78,848	76,001	2,847	3.8
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	6,070	5,840	230	3.9
Profit before interest and tax ("PBIT")	2,453	2,611	(158)	(6.1)
Profit before tax ("PBT")	1,259	1,325	(66)	(5.0)
Profit/(Loss) after tax ("PAT")	923	(975)	1,898	194.7
Loss attributable to owners of the Company	(225)	(822)	597	72.6

The Group has recorded an increase in revenue by RM2.8 million or 3.8% from the preceding quarter which was mainly due to a slight increase of sales volume by 2.0%.

The higher sales revenue has resulted in an increase in EBITDA by approximately 3.9%. However, the group PBT has decreased slightly by 5.0% due to a higher miscellaneous income received during the last quarter. The reduction of losses attributable to the owners of the Company by 72.6% was contributed by an approximately RM2.1 million of deferred tax expenses recognised in the previous quarter.

3. Prospects

The Group's financial performance and prospects are subject to the global demand for gloves, price of latex and the movement in foreign exchange rates. The Group adopts prudent foreign currency management procedures by hedging against foreign currency rate fluctuations through the locking in of foreign currency rates at or around the time of order placement.

The Group has improved its performance over the last quarter and the business prospects remain good. Managing the dynamic risks of production/sales balancing, enhancing our production capability and cost efficiency, forex movements and contracting raw material prices remain our top priorities. To date we have achieved an annual capacity of 3.9 billion pieces of gloves from the twenty-six (26) lines in the Group's three (3) factories. In the coming quarters we are optimistic in achieving higher capacity utilization and sales.



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4. Profit Forecast and Profit Guarantee

The Group has not provided any profit forecast or profit guarantee in any public document.

5. Taxation

The Group's taxation figures was as follows:

	3 Months Ended 31-Mar-2018 (UNAUDITED) RM'000
Income tax - Current period	336

The Group's effective tax rate is lower than the statutory tax rate due to claimable capital allowances, reinvestment allowance and unabsorbed export allowance brought forward from previous year by subsidiaries.

6. Realised and Unrealised Retained Profits of the Group

	As at 31-Mar-2018 (UNAUDITED) RM'000	As at 31-Mar-2017 (UNAUDITED) RM'000
Total retained profits, net of consolidation adjustments:		
Realised	46,177	50,470
Unrealised	2,497	1,481
	<u>48,674</u>	<u>51,951</u>
Less: Consolidation adjustments	(24,503)	(21,879)
As at 31.03.2018 / 31.03.2017	<u>24,171</u>	<u>30,072</u>



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7. Profit/(Loss) Before Tax

Profit/(Loss) before tax was arrived at after charging / (crediting): -

	3 Months Ended 31-Mar-2018 (UNAUDITED) RM'000	3 Months Ended 31-Mar-2017 (UNAUDITED) RM'000
Depreciation of property, plant and equipment	5,346	5,201
Fair value loss/(gain) on derivatives	116	(685)
Loss on disposal of equipment	2	25
Interest expenses	1,194	1,268
Interest income	(40)	(71)
Rental expenses	110	74
Realised gain on foreign exchange	(436)	(226)
Rental income	(11)	(10)
Unrealised (gain)/loss on foreign exchange	(1,221)	719

There were no gain or loss on disposal of unquoted investment or properties, write off of receivables, provision for and write off of inventories, impairment of assets and exceptional items during the current quarter under review.

8. Status of Corporate Proposal

Save as disclosed below, there were no other corporate proposals announced but not completed at the latest practicable date which is not earlier than seven (7) days from the date of issue of this interim financial report:-

On 20 July 2017 & 25 July 2017, on behalf of the Board of Director of the Company ("Board"), RHB Investment Bank Berhad ("RHBIB") had announced that the Company proposed to undertake a private placement of up to 48,325,979 new ordinary shares ("Careplus Shares"), representing up to 10% of the total number of issued shares of Careplus (excluding treasury shares) to third party investors to be identified later ("Private Placement").

The listing application for the Private Placement had been submitted to Bursa Malaysia Securities Berhad ("Bursa Securities") on 27 July 2017 in which the approval was obtained on 31 July 2017.

On 28 September 2017, the Company had allotted and issued 23,100,000 Careplus Shares under the Private Placement and there will be 25,225,979 remaining new Careplus Shares allowable to be allotted and issued under the Private Placement.



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8. Status of Corporate Proposal (Cont'd)

On 12 January 2018, on behalf of the Board, RHBIB had announced that an application had been submitted to Bursa Securities to seek for its approval for an extension of time up to 30 July 2018 for the implementation of the Private Placement ("Extension Application") in which the approval was obtained on 17 January 2018.

9. Group Borrowings and Debt Securities

(a) The Group's borrowings as at 31 March 2018 and 31 March 2017 were as follows:

	<u>As at 31 March 2018</u>		Total RM'000
	Long term RM'000	Short term RM'000	
Secured:			
Bank overdrafts	-	411	411
Hire purchase	14,801	11,822	26,623
Term loans	12,109	4,987	17,096
Bills payable	-	59,892	59,892
	<u>26,910</u>	<u>77,112</u>	<u>104,022</u>

	<u>As at 31 March 2017</u>		Total RM'000
	Long term RM'000	Short term RM'000	
Secured:			
Bank overdrafts	-	455	455
Hire purchase	15,426	14,400	29,826
Term loans	13,868	8,099	21,967
Bills payable	-	58,106	58,106
	<u>29,294</u>	<u>81,060</u>	<u>110,354</u>

(b) There were no unsecured debts during the current quarter under review.

(c) Included in bill payables, there is a total amount of RM41.4 million (31.3.2017: RM40.4 million) denominated in USD.



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10. Derivatives Financial Instruments

As at 31 March 2018, the Group's outstanding derivatives were as follows:

Type of Derivatives	Contract/Notional Value RM'000	Assets/(Liabilities) RM'000
Currency forwards - Less than 1 year	47,771	1,282

The Group entered into currency forwards to hedge highly probable forecast transactions denominated in foreign currencies, which are expected to occur in the future. The currency forwards have maturity dates that match the expected occurrence of these transactions.

All derivative financial instruments are executed with creditworthy counter parties with a view to limit the credit risk exposure of the Group.

11. Material Litigation

There were no material litigations involving the Group as at the date of this report.

12. Dividends Declared / Proposed

There were no dividends declared during the current financial period.



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13. Earnings Per Share

The computation of basic and diluted earnings per share for the financial period ended 31 March 2018 and 31 March 2017 was as follows:-

(a) Basic

	3 Months Ended 31-Mar-2018 (UNAUDITED)	3 Months Ended 31-Mar-2017 (UNAUDITED)
(Loss)/profit attributable to owners of the Company (RM'000)	(225)	3,758
Weighted average number of ordinary shares as at 1 January/ 31 March ('000)	506,360	483,260
	<hr/>	<hr/>
Basic (loss)/earnings per share (sen)	(0.04)	0.78
	<hr/>	<hr/>



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13. Earnings Per Share (Cont'd)

(b) Diluted

Diluted earnings per share is not applicable for the financial period ended 31 March 2018 and 31 March 2017 as there were no potential ordinary shares in issue for the current quarter and cumulative quarter.

14. Authorization for Issue

The quarterly unaudited financial statements were authorised for issue by the Board in accordance with a resolution dated 25 May 2018.